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# Fact Sheet

## Calais Casino Bill

Number **1**

### Economic Development for Washington County

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#### Position

- Jobs are the most important reason for approving the Calais Casino bill.

#### Benefits

#### **1. Washington County is the poorest county in Maine, and has been for years.**

The jobless rate for Washington County in 1993 was 13.45%, the highest in Maine. The Passamaquoddy Tribe's two Washington County Reservations have even higher unemployment rates, reaching 50% at Pleasant Point in 1993. Over the previous 12 months, Washington County unemployment was a staggering 69.9% higher than the state-wide average. 1990 per capita income in Washington County was \$9,607—25% below the state average.

#### **2. Casino entertainment is labor intensive and a magnet for other economic activity.**

The proposed Calais gaming entertainment and resort hotel project will require an investment of nearly \$30,000,000. According to an economic impact study by Wharton Econometric Forecasting Associates, the project will create an estimated 725 new full-time jobs. Suppliers and area businesses serving the complex itself, as well as its customers and employees, are projected to create another 791 jobs as a result of the development. The unemployment rate in Calais/Washington County could decline by more than 4.0 points in 1996. Gaming jobs are varied and well paying: the average casino employee salary is more than \$23,000 per year. Ninety percent of these employees are expected to come from the local area, and local job training will be provided.

#### **3. The Promus Companies represent the type of corporate citizen that Maine needs to support lasting economic growth.**

The Passamaquoddy Tribe has selected the respected Harrah's division of The Promus Companies to finance, build and operate its proposed casino. Promus, a Fortune 500 New York Stock Exchange company, also owns and operates three leading hotel groups: Embassy Suites, Hampton Inn and Homewood Suites. There are two Hampton Inns and one Embassy Suites hotel now in Maine. Harrah's, which has been in business since 1937, operates in more jurisdictions than any other company. Harrah's is a market leader in each of its locations and has a demonstrated commitment to integrity, customer service, employee development and community involvement.

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#### THE PASSAMAQUODDY TRIBE

- Pleasant Point Reservation  
Perry, Maine
- Indian Township Reservation  
Princeton, Maine

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# Fact Sheet

## Calais Casino Bill

Number **2**

### Gaming, Fairness and Tribal Independence

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#### Position

- The proposed Calais gaming entertainment complex will put the Passamaquoddy Tribe on equal footing with other tribes in the United States in terms of economic development and independence.

#### Benefits

##### **1. Tribal self-determination cannot be meaningful without economic independence.**

It is a long-standing policy of the United States government that Indian tribes have the right to self-determination. Reliance on subsidies from the state and federal government deprives tribes the right to self-determination. The federal Indian Gaming Regulatory Act of 1988 (IGRA) was enacted to give tribes a means for tribal independence and self-sufficiency. As a result, 149 tribes in 25 states now conduct gaming operations. Fairness requires that Maine tribes be treated equally.

##### **2. Unlike other governmental entities, tribes have no tax base.**

In addition to the responsibilities of a tribal government, the 1980 Maine Indian Land Claim settlement gave the Passamaquoddy and Penobscot tribes the powers and duties of a state municipality over their reservations and the newly authorized Indian territories. These lands, however, are owned by tribes themselves, for the common benefit of their members, and are therefore unavailable to support the functions of tribal government through property taxation.

##### **3. The Casino bill provides the means for economic self-sufficiency, which is necessary for stable and effective tribal government, while protecting the interests of the State of Maine.**

The pending tribal casino legislation accomplishes the purposes of IGRA without federal involvement. The bill provides for strict oversight and control of tribal gaming activities by the State Police, which are generally not available under IGRA.

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#### THE PASSAMAQUODDY TRIBE

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-

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# Fact Sheet

## Calais Casino Bill

### Crime Prevention

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Number **3**

#### Position

- The Calais Casino bill has anti-crime controls as strict as any in the nation.

#### Benefits

**1. The Passamaquoddy Tribe has actively sought to include the State of Maine as a full partner in casino regulation.**

In other states, tribes operate gaming facilities independently of state control. The Calais casino legislation builds on the special relationship between the State of Maine and its resident tribes (as recognized in the Maine Indian Claims Settlement Act) to create a wholly unique relationship, in which the State will have a day-to-day role in the oversight of the Tribe's casino. This role will include State Police licensing of all gaming employees and access at all times by State Police to all parts of the casino operation.

**2. The casino bill has exceptionally tight regulatory provisions.**

The bill has state-of-the-art safeguards against criminal infiltration, fraud, theft or unfavorable contractual or leasing arrangements. These protections were drafted with assistance from former U.S. Attorney and Maine Attorney General Richard S. Cohen. Cohen, a 30-year veteran in state and federal law enforcement, was hired by the Passamaquoddy Tribe to help with regulatory and enforcement matters surrounding the proposed casino. After personally researching and inspecting Indian and non-Indian gaming operations in other parts of the country, Mr. Cohen has assured the Tribe that the casino regulatory provisions in the pending legislation are very tight and has recommended unhesitatingly that the bill be enacted and signed into law.

**3. The Passamaquoddy Tribe's choice for a casino operator has further reduced the possibility of criminal activity.**

The Passamaquoddy Tribe has hired the respected Harrah's division of The Promus Companies, a New York Stock Exchange Fortune 500 company to build, finance and operate its proposed gaming entertainment facility. Promus has perhaps the finest reputation in the gaming industry for integrity and cooperation with regulatory officials.

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- Pleasant Point Reservation  
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-

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# Fact Sheet

## Calais Casino Bill

Number **5**

### Summary of Bill Under Committee's Majority Report

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#### **STATUS**

The original bill authorized a Tribal/State Compact with the Passamaquoddy Tribe to operate a casino in Calais under the federal Indian Gaming Regulatory Act (IGRA). The bill was carried over in the Judiciary Committee to be rewritten to authorize Indian gaming under state law and regulation, rather than the federal IGRA. The revised bill was prepared with the assistance of the State Police, the Attorney General's Office and other interested parties.

The revised bill authorizes casino gaming to generate economic development in Washington County and support the substantial responsibilities of the Passamaquoddy tribal government under the Maine Indian Land Claims Settlement.

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#### **ECONOMIC DEVELOPMENT**

The bill's primary purpose is to support the tribe's governmental functions and to promote immediate and sustainable economic development in Washington County. In addition to the impact of the casino development itself (an estimated 1,500 direct and indirect jobs), local and regional economic development opportunities will be funded with \$2 million per year of casino revenues through a special excise tax.

- 35% of these funds will be given to the City of Calais for infrastructure, recreational and public improvements and a community loan fund.

- 65% will go into a revolving fund providing low interest loans for economic development in Calais and Washington County, with preference for sustainable development.

These revenues will raise an estimated \$7 million for the city and \$13 million for the Rising Tide Regional Development Fund.

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#### **CASINO EXCISE TAX**

The bill adopts a Casino Excise Tax of 10% of gross gaming revenues. The tax is paid into a special revenue account. From that account, the state's casino regulatory costs, as fixed through the state budget process, are first fully paid; the next \$2 million per year go to the City of Calais and the Rising Tide Development Fund in a 35/65 ratio; the surplus is transferred to the state's General Fund. \$15 million is exempt in the first year of operation, to recover \$1.5 million prepaid for FY 94-95 regulatory costs, and \$10 million is exempt in each of the first five years to allow the tribe to repay its initial investment.

Other state taxes, including the sales tax, alcohol and tobacco taxes, personal income taxes and local and county taxes, are fully applicable.

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**LOCATION**

The bill approves a Calais site for the Passamaquoddy Tribe, subject to local approval. No site is approved for the Penobscot Nation and any casino development proposed by the Penobscots would require new legislation. Criteria for approval of any future sites are included in the bill.

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**REGULATORY CONTROL**

The State Police have primary regulatory control over Indian gaming, including full licensing and rulemaking powers. To be licensed, any Indian casino must demonstrate the financial integrity, business ability and personal character of all those involved. Each gaming employee and major vendors of gaming goods or services to the casino must obtain an individual license, based upon a personal background investigation. Any management agreement must be approved. Management fees and contract terms are restricted.

The State Police have full law enforcement authority over the casino, with assistance by local law enforcement agencies. The State Police are assured unrestricted access to all parts of the facility and to gaming records at all times and could require specified audit procedures to be conducted. If the integrity of any gaming were in question, the State Police are authorized to shut down a machine, table or game immediately. A number of special casino laws are enacted and existing criminal laws are also applicable.

Other state and local regulatory laws are applicable, such as regulation of alcoholic beverages and local zoning laws.

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**AUTHORIZED GAMING**

Casino gaming would occur under comprehensive state licensing and regulatory oversight. A full range of casino games is allowed, including electronic slot machines and table games, as well as off-track betting under existing state law. Hours and betting are not restricted. Slot machines must have at least an 80% payout in prizes. Persons under age 21 are strictly forbidden to enter or bet.

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**THE PASSAMAQUODDY TRIBE**

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# Fact Sheet

## L.D. 1998

Number **6**

### Flow of Funds From the Calais Casino

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■ Under the Calais Casino bill, L.D. 1988, funds from the casino flow as follows:

#### **EXCISE TAX**

The state collects a Casino Excise Tax of 10% of gross gaming revenues (gross gaming revenues equals wagers minus customer winnings). During the first year, \$25 million is exempt, and in years two through five, \$10 million annually is exempt.

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#### **REGULATORY COSTS**

The Casino Excise Tax is deposited in the state Casino Excise Account. Funds in this account first are used to pay for the state's cost of regulating casino gaming, estimated to be \$1.5 million.

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#### **ECONOMIC DEVELOPMENT**

After payment of regulatory costs, the next \$2 million per year is used for economic development in Washington County: 35% of which is given to the City of Calais and the remaining 65% is paid over to the Rising Tide Regional Development Fund, which is administered by FAME and a board appointed by the Passamaquoddy Tribe.

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#### **GENERAL FUND**

Any surplus remaining in the Casino Excise Tax Account is then paid to the General Fund.

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#### **TRIBAL REVENUES**

The Tribal gaming enterprise pays the costs of operating the casino (including Harrah's management fee, which is 30% of net revenues for five years) and then repays the money borrowed to design, build, equip and open the casino. The remaining revenues, after a reserve for maintenance of building and equipment, are transferred to the Tribe.

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### **THE PASSAMAQUODDY TRIBE**

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The Casino Excise Tax is expected to generate roughly \$3.7 to \$4.2 million per year. Other state revenues generated by the casino (including personal income taxes, sales taxes, etc.) are expected to be approximately \$3.3 million annually.

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